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DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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December 15, 1988

Mr. Bill Almas
Environmental Coordinator
Energy Fuels Nuclear, Inc.
One Tabor Center, Suite 2500
1200 Seventeenth Street
Denver, Colorado 80202

Dear Mr. Almas:

Re: Re-evaluation of the Hillside Complex Bond, M/037/015, San Juan County, Utah

The Division received your letter of December 7, 1988, which explained the reason for the missing Vallejo Mine. Since no development and, thereby, no disturbance occurred at the proposed site, it will no longer be considered as part of the original permit package.

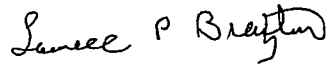
Scott Johnson and Holland Shepherd were pleased with the reclamation work performed at the Hillside sites. The Division sees no reason to maintain the bond any longer for the earth work and portals sealing. We will ask you to post bond for the revegetation work, which has yet to be evaluated, and probably won't be ready for evaluation for 2 to 3 years.

We have estimated that Energy Fuels has reclaimed approximately 12.3 acres in total: 1.4 for the Hillside, 2.3 for Bears Ears, 2.9 for Gizmo, and 5.7 for Maybe. These figures include roads and pads. The original April 24, 1978 permit called for 26.25 acres. This figure included the Vallejo and several miles of road which have since become County road.

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Mr. Bill Almas
Energy Fuels Nuclear
M/037/015

We have recalculated a bond for the Hillside Complex based on 12.3 acres of reseeding (equipment and labor is included). Our estimate comes to \$2,460, based on \$200/acre. Your current bond is for \$24,792. We will be able to release this to you as soon as you have posted the \$2,460 with our agency.

Sincerely,



Lowell P. Braxton
Administrator
Minerals Resource Development
and Reclamation Program

jb
cc: Scott Johnson
Holland Shepherd
MN5/53-54